

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF PUBLIC GAS COMPANY FOR)	CASE NO.
RATE ADJUSTMENT FOR SMALL UTILITIES)	2012-00431
PURSUANT TO 807 KAR 5:076)	

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION TO
PUBLIC GAS COMPANY

Public Gas Company ("Public"), pursuant to 807 KAR 5:001, is to file with the Commission the original and six copies of the following information, with a copy to all parties of record. The information requested herein is due on or before November 21, 2012. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Public shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which Public fails or refuses to furnish all or part of the requested information, it shall

provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request.

1. Refer to the pro forma adjustments schedule in the “Statement of Adjusted Operations” Attachment to Public’s Application, specifically, the adjustments for “Op Exp Labor” and “Wages - Administrative.” In Case No. 2012-00029,¹ in which the purchase of Public’s stock by Gas Natural, Inc. (“Gas Natural”) was approved, the application indicated that Public had two full-time employees and one part-time employee.

a. Provide the number of employees, full-time and part-time, now employed by Public. Include the employees’ names and identify whether they are new hires or were Public employees (“incumbents”) at the time of Case No. 2012-00029.

b. The descriptions of the two adjustments refer to restating “labor at the current or going forward level.”

(1) Provide the wage rates or salaries as of December 31, 2011, the end of the test year, for each Public employee identified in the response to part a. of this request as an incumbent.

(2) Provide the wage rates or salaries as of the date Public filed its application for all employees identified in the response to part a. of this request, both new hires and incumbents.

¹ Case No. 2012-00029, Joint Application of Gas Natural, Inc. and Kentucky Energy Development LLC for an Order Approving a Transfer and Acquisition of Ownership and Control of Public Gas Company, Inc. (Ky. PSC Mar. 9, 2012).

(3) Explain in detail what is meant by the “going forward level” as that phrase is used to describe the proposed labor adjustments and how it differs from the “current level.”

c. Provide a detailed description of the group insurance for which an adjustment of \$14,160 is proposed. This description should include the specific coverage provided and whether it applies to employees only or to spouses, dependents, etc.

2. Refer to the pro forma adjustments schedule. An adjustment of \$4,000 is proposed based on a three-year amortization of rate case expense of \$12,000. Provide a detailed description of the work for which Public has engaged outside experts or consultants to prepare its rate application.

3. Refer to the pro forma adjustments schedule, specifically, the adjustment of \$108,000 for “Corporate Overhead.” The description reads “Corporate overheads reflect a 3% allocation of corporate expenses for Gas Natural (the parent corporation of PGC). Corporate expenses include corporate officers (CEO, CFO, and COO) expense, IT expense, accounting expense and legal expense.”

a. Explain why Public’s allocation of these expenses is three percent.

b. Provide the factors, e.g., revenues, customers, etc., upon which the allocation of three percent is based.

c. The test year is calendar year 2011. Identify the period upon which the three percent allocation is based.

d. For the period identified in response to part c. of this request, provide the CEO, CFO, COO expenses, IT expense, accounting expense and legal expense for Gas Natural.

4. Provide the latest Gas Natural SEC Form 10-Q including information for the period ended September 30, 2012.

5. Refer to the calculation of base-rate revenues at current and proposed rates in the "Billing Analysis Attachment" to Public's Application. The method used to calculate revenues at current rates assumes that none of the bills that charged only the minimum bill included any usage; presumably, some minimum bills would have included usage up to 1 Mcf. Using the instructions in the prescribed ARF Form-1 for Billing Analysis Form, provide a calculation of revenues at current rates.

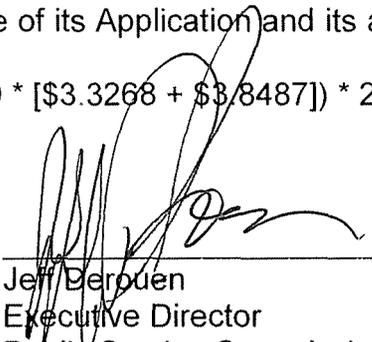
6. Refer to the Return Check Charge calculation. Explain why Field Labor expenses and benefits are included in the fringe benefit percentage calculation.

7. Refer to the Reconnection Charge calculation. Explain the basis of the one-hour and 40-mile per reconnect estimate.

8. Refer to the Customer Deposit calculation. The gas cost implicit in the GSC cost used in the calculation is \$6.4259 per Mcf ($\$704,415 / 109,621 \text{ Mcf}$). Explain why it would not be more accurate to calculate the customer deposit using Public's gas cost from its Gas Cost Adjustment in effect at the date of its Application and its average monthly usage of 5.9 Mcf per customer, i.e. $(\$13 + 5.9 * [\$3.3268 + \$3,8487]) * 2$.

DATED NOV 08 2012

cc: Parties of Record



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